

Message Text

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C O N F I D E N T I A L CARACAS 12311

E.O. 11652: GDS

TAGS: PGOV, PINT, ENRG, EINV, VE

SUBJECT: VISIT OF OCCIDENTAL PETROLEUM PRESIDENT

REF: STATE 249933; CARACAS 11538

1. SUMMARY: AFTER MEETING WITH VENEZUELA'S ATTORNEY GENERAL, OCCIDENTAL PETROLEUM OFFICIALS ARE OPTIMISTIC THAT PROGRESS WILL BE MADE IN SETTLING OCCIDENTAL'S CLAIM FOR COMPENSATION FOR NATIONALIZATION OF PETROLEUM ASSETS. END SUMMARY.

2. CARLOS BULLOS, LOCAL OCCIDENTAL PETROLEUM REP, TELEPHONED ECONOMIC COUNSELOR OCTOBER 13 TO REPORT RESULTS OF OCCIDENTAL PRESIDENT BAIRD'S VISIT WITH GOV ATTORNEY GENERAL ON OCTOBER 8. BULLOS SAID BAIRD'S RECEPTION WAS FRIENDLY; THE MEETING LASTED ONE AND ONE-HALF HOURS, DURING WHICH BAIRD WAS GIVEN AMPLE OPPORTUNITY TO EXPRESS OCCIDENTAL'S INNOCENCE AND ITS POTENTIAL INTEREST IN A CONTINUING BUSINESS RELATIONSHIP WITH VENEZUELA AFTER THE CURRENT COMPENSATION ISSUE IS SETTLED.

3. ACCORDING TO BULLOS, THE ATTORNEY GENERAL APPEARED TO UNDERSTAND OCCIDENTAL'S SITUATION AND WAS WELL DISPOSED TO ASSIST IN RESOLVING THE COMPENSATION ISSUE, BUT HE DID NOT HESITATE TO POINT OUT THE POLITICAL DIFFICULTIES INVOLVED, INCLUDING THE PENDING CRIMINAL CASE AFFECTING FORMER OCCIDENTAL EMPLOYEES AND CONTRACTORS. HE MADE CLEAR THAT OCCIDENTAL IS NOW FREE TO PURSUE ITS ADMINISTRATIVE CLAIM FOR COMPENSATION
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WITH THE MINISTRY OF MINES AND HYDROCARBONS. IT WAS

AGREED THAT OCCIDENTAL ATTORNEYS WOULD MEET IN THE NEAR FUTURE WITH GOV ATTORNEYS TO INITIATE THE LEGAL PROCESS.

4. THE ATTORNEY GENERAL ADVISED BAIRD THAT A MEETING WITH PRESIDENT PEREZ WOULD BEST BE PRESERVED FOR A LATER DATE. BAIRD ACCEPTED THIS ADVICE, BUT THE ATTORNEY GENERAL AGREED TO CONVEY THE SUBSTANCE OF BAIRD'S VIEWS TO THE PRESIDENT.

5. BULLOS SAID THE CLIMATE IS NOW CORDIAL AND ALPARENTLY FAVORABLE FOR RESOLVING OCCIDENTAL'S PROBLEMS. THE CRIMINAL CASE APPEARS TO BE IN THE HANDS OF A CAPABLE AND REPUTABLE JUDGE. THERE HAVE BEEN NO ADVERSE COMMENTS IN THE PRESS LATELY ABOUT OCCIDENTAL'S ALLEGED INVOLVEMENT IN ILLEGAL ACTIVITIES. AT LEAST FOR THE MOMENT, BULLOS SAID, OCCIDENTAL IS OPTIMISTIC THAT GOOD PROGRESS WILL BE MADE. BULLOS SAID HE WILL KEEP THE EMBASSY ADVISED.
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